



**Transportation
Security
Administration**

**OFFICE OF FINANCE AND ADMINISTRATION
Financial Management**

**TSA MANAGEMENT DIRECTIVE No. 1000.13
FUNDS CONTROL**

To enhance mission performance, TSA is committed to promoting a culture founded on its values of Integrity, Innovation and Team Spirit.

REVISION: This revised directive supersedes TSA MD 1000.13, Funds Control dated June 12, 2014.

SUMMARY OF CHANGES: Added various administrative updates for clarification throughout directive.

- 1. PURPOSE:** This directive provides TSA policy and procedures for the administrative control of funds.
- 2. SCOPE:** This directive applies to all TSA organizational elements, appropriations, and funds.
- 3. AUTHORITIES:**
 - A. Title 31 United States Code (U.S.C.), Chapter 13 - Appropriations
 - B. Title 31 United States Code (U.S.C.), Chapter 15 - Appropriation Accounting
 - C. Accountability of Tax Dollars Act of 2002 (P.L. 107-289)
 - D. Antideficiency Act (ADA), as amended (P.L. 97-258)
 - E. Aviation and Transportation Security Act (ATSA) (P.L. 107-71)
 - F. Budget and Accounting Act, 1921, as amended (P.L. 67-13)
 - G. Chief Financial Officers Act of 1990 (P.L. 101-576)
 - H. Congressional Budget Act of 1974 (P.L. 93-344)
 - I. Department of Homeland Security (DHS) Financial Accountability Act (P.L. 108-330)
 - J. Federal Financial Management Improvement Act of 1996 (P.L. 104-208)
 - K. Federal Managers Financial Integrity Act of 1982 (FMFIA) (P.L. 97-255)
 - L. Government Management Reform Act of 1994 (P.L. 103-356)

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- M. Office of Management and Budget (OMB) Circular No. A-11, Preparation, Submission and Execution of the Budget
- N. OMB Circular No. A-123, Management's Responsibility for Internal Control
- O. [DHS Directive 1330, Planning, Programming, Budgeting and Execution](#)
- P. [DHS Financial Management Policy Manual Chapter 2: Planning, Programming, Budgeting and Execution, Section 2.5 - Administrative Control of Funds](#)

4. DEFINITIONS:

- A. Allocation: A subdivision of an allotment. This is typically associated with a TSA line of accounting and the lowest level of funding distributed within TSA.
- B. Allocation Manager: Assistant Administrators and others as appointed by the Chief Financial Officer (CFO) to ensure that obligations do not exceed the amount available, for allocations under their management, to prevent administrative or statutory violations of the ADA.
- C. Allotment: For purposes of this directive, the term “allotment” is synonymous to the term “apportionment.” TSA does not use suballotments as it pertains to a formal division of funds.
- D. Apportionment: A distribution made by OMB, of amounts available for obligation in an appropriation or fund account for specified time periods, programs, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred. For the purpose of this directive, the term “apportionment” is synonymous to the term “allotment.”
- E. Appropriation: A provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose.
- F. Available Balance: Any apportioned, un-obligated funds.
- G. Contingent Liability: An existing condition, situation, or set of circumstances that poses the possibility of a loss to an agency that will ultimately be resolved when one or more events occur or fail to occur.
- H. Expenditure: A payment made to liquidate an obligation, in whole or in part; an outlay.
- I. Funds Managers: Personnel to whom the CFO has delegated the authority to control funds, including certification of funds availability, under the delegated authority of an Allocation Manager.
- J. Obligation: A legal liability of the government to pay for goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal

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liability by virtue of actions on the part of the other party beyond the control of the United States.

- K. Programs, Projects and Activities (PPA): A division of an appropriation identified by reference to committee reports and budget justifications that forms the basis for major programmatic activities within the agencies.

5. RESPONSIBILITIES:

- A. The Assistant Administrator for the Office of Finance and Administration (OFA)/Chief Financial and Administrative Officer is responsible for:
- (1) Establishing policy with regard to the administrative control of funds;
 - (2) Prescribing a system for positive administrative control of funds designed to restrict obligations and expenditures (disbursements) to the amount available in each appropriation;
 - (3) Assisting the TSA Administrator in identifying the person(s) responsible for any obligation or expenditures exceeding the amount available in the appropriation or fund account, the OMB apportionment or reappportionment allocation made by the agency, any statutory limitations, and any other administrative fund limitations set by the agency; and
 - (4) Providing procedures for dealing with violations of the ADA and other administrative controls.
- B. The Assistant Administrator for the Office of Acquisition/Chief Procurement Officer is responsible for ensuring that TSA acquisition and procurement program supports funds control through the accurate and timely recording of obligations in the TSA financial accounting system, including the timely deobligation of funds when a contractual period of performance has ended or the funding is otherwise not needed.
- C. The Office of Chief Counsel (OCC) is responsible for:
- (1) Providing legal guidance related to funds control, when requested;
 - (2) Consulting with the DHS Office of General Counsel on any potential ADA violations, as necessary; and
 - (3) Reviewing all reports of violations of this directive for legal sufficiency before they are submitted to the OFA.
- D. The Office of Finance and Administration is responsible for:
- (1) Assisting the Chief Financial Officer (CFO) in the day-to-day management of TSA funds;

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- (2) Maintaining oversight of all TSA funds and reporting their status directly to the CFO;
- (3) Transmitting requests to OMB for apportionment and reappportionment of appropriated funds;
- (4) Overseeing the funds control processes;
- (5) Immediately initiating an inquiry upon report of a possible ADA violation;
- (6) Identifying, reporting, and following up on violations of the ADA and any violations of this Directive;
- (7) Overseeing the management and distribution of funds to Allocation Managers within the limitations of apportionments or reappportionments approved by OMB and in accordance with the CFO distribution plan;
- (8) Ensuring that Allocation Managers do not allow obligations and expenditures to exceed the amount available in the allocation;
- (9) Ensuring that all OMB apportionments are properly entered into the financial accounting system;
- (10) Developing apportionment schedules for submission to OMB and developing secondary financial plans for orderly and systematic execution of the approved financial plan and apportionment;
- (11) Managing PPA boundaries and determining when transfers or reprogrammings between fund accounts require notice to OMB and the Appropriation Committees;
- (12) Assisting Allocation Managers in ensuring that reimbursable agreements are properly established and that costs are recovered;
- (13) Evaluating actual closeout results against the resource/fund organization and/or managing unit's closeout projections, and taking corrective action where necessary;
- (14) Ensuring that un-obligated funds are sufficient to cover contingent liabilities of expiring appropriations; and
- (15) Managing funds that have expired for obligation purposes.
- (16) Providing policy and direction for financial management personnel, programs, systems, activities, operations, and reporting;
- (17) Ensuring effective implementation of TSA financial management policy, procedures, and internal controls, including the establishment of appropriate funds control limits in the financial accounting system and the accurate entry of obligating documents and/or expenditure documents into the financial accounting system;

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- (18) Ensuring that TSA financial accounting systems support TSA funds control policy and that all transactions are recorded accurately and in a timely manner to ensure that funds control is fully implemented into TSA's financial accounting system;
- (19) Ensuring that TSA Funds Managers and the supporting workforce are adequately trained in the use of TSA financial accounting systems;
- (20) Coordinating closely with the following units that carry out accounting functions and financial accounting systems development in support of TSA's financial management program:
 - (a) Accounting and Bill Paying Service Provider; and
 - (b) Financial Accounting Systems Provider.
- (21) Overseeing the financial services provided by the service provider to TSA;
- (22) Billing and collection responsibilities in relation to reimbursable agreements; and
- (23) Providing a financial accounting system that fully supports TSA's fund control systems as established in Section 6F of this directive.

E. Allocation Managers are responsible for:

- (1) Ensuring that allocations are not exceeded, or funds reprogrammed or transferred from one project or activity without the approval of the Director of BPD;
- (2) Coordinating the establishment of reimbursable agreements, including prompt billing with the OFA;
- (3) If necessary, determining the distribution of funds within an allocation, and establishing guidance for users of that distribution;
- (4) Tracking the flow of funds into and out of the affected accounts;
- (5) Tracking obligations against planned amounts to ensure compliance with program, project and activity funding levels;
- (6) Monitoring the status of allocations and adjusting resources as necessary, to stay within funding limits;
- (7) Reporting accurate closeout positions for allocations to the Director of BPD;
- (8) Consulting with BPD on reserving adequate un-obligated funds to cover contingent liabilities associated with expired appropriations;
- (9) Conducting post fiscal-year review of all closeout results for comparison to reported closeout projections and taking appropriate follow-up action where necessary;

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- (10) Balancing resources to adjust for surpluses/shortfalls in allocation accounts including addressing un-liquidated obligations and prior year adjustments that impact the current fiscal year; and
- (11) Ensuring that reimbursable agreements are properly established and that costs are recovered.

6. POLICY:

A. Violations of the ADA are prohibited. The following constitute violations of the ADA:

- (1) Making or authorizing an expenditure or obligation exceeding an amount available in an appropriation or fund (31 U.S.C. § 1341(a)(1)(A));
- (2) Involving TSA in a contract or obligation for the payment of money before an appropriation is made unless authorized by law (31 U.S.C. § 1341(a)(1)(B));
- (3) Accepting voluntary services for the government or employing personal services exceeding that authorized by law except for emergencies involving the safety of human life or the protection of property (31 U.S.C. § 1342) or accepting voluntary or gratuitous services pursuant to the relevant provisions of ATSA; and
- (4) Making or authorizing an expenditure or obligation exceeding an apportionment (31 U.S.C. § 1517(a)(1)).

B. Administrative Penalties for Violating the ADA: The law provides that any officer or employee of the United States who violates the prohibitions of 31 U.S.C. 1341(a), 1342, or 1517(a) will be subject to appropriate administrative and/or disciplinary or adverse action. Administrative discipline may consist of:

- (1) Letter of reprimand for the Electronic Official Personnel Folder (eOPF) of the officer or employee;
- (2) Unsatisfactory performance rating;
- (3) Transfer to another position;
- (4) Suspension from duty without pay;
- (5) Removal from office; or
- (6) Demotion.

C. Criminal Penalties for Violating the ADA: In addition, the law provides that any officer or employee of the United States who knowingly and willfully violates any of the listed prohibitions shall be fined not more than \$5,000, imprisoned for not more than two years, or both. 31 U.S.C. §§ 1350, 1519.

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D. Exceeding Allotments and Allocations Prohibited: A TSA employee who exceeds an allocation for which he or she is responsible may be subject to the same administrative discipline as described in section 6B above.

E. Fund Control Principles and Concepts:

(1) The ADA applies to current, expired, and closed (canceled) appropriations. A violation occurs if a TSA employee makes or authorizes expenditure or creates or authorizes an obligation against any funds in excess of the amount available in an appropriation or apportionment.

(2) Violation of TSA-approved funds distribution plans shall be reported to the Director of BPD setting forth the same information as required for a statutory violation. Procedures for allocation managers and funds managers to report over-obligation or over-expenditure of their accounts are provided in Section 7 below.

NOTE: Over-obligation may result in administrative and/or disciplinary or adverse action. It is important for all financial managers to recognize that over-obligation or over-expenditure of an allocation will result in a violation of the ADA if it results in over-obligation or over-expenditure of an appropriation or apportionment.

F. Accounting Support for Fund Control Systems: TSA's financial accounting system must fully support TSA's fund control systems. The financial accounting systems shall provide for:

(1) Recording all financial transactions affecting apportionments, reapportionments, allocations, agency restrictions, financial plans, program operating plans, obligations, and expenditures, as well as anticipated, earned and collected reimbursements.

(2) Preparing and reconciling financial reports that display cumulative obligations and the remaining un-obligated balance by appropriation, allotment, allocation, and cumulative obligations by budget activity and object class.

G. Timely Recording: Obligations shall be recorded in the TSA financial accounting system within one (1) business day after the obligation is incurred. Funds shall be promptly deobligated in compliance with TSA policy and procedures when funding is no longer required.

H. Allotments: Allotments shall be established at the highest practical level, and each operating unit will be financed from no more than one subdivision for each appropriation or fund (the ADA establishes these objectives). BPD prepares and submits apportionment (allotment) requests through DHS to OMB in accordance with established apportionment practices (see OMB Circular A-11). Apportionments shall not exceed the total amounts appropriated and these are subject to the provisions of the ADA. Congressional restrictions contained in appropriation acts shall be enforced. BPD has the authority to submit changes to allotment structure for DHS and OMB for approval. BPD shall be contacted when any such change is contemplated.

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- I. Treatment of Anticipated Budgetary Resources Already Enacted into Law: Amounts anticipated to increase the total budgetary resources shall not be allocated until the increase actually occurs.
- J. Deficiency Apportionments: Apportionments that anticipate the need for a deficiency appropriation or a supplemental under 31 U.S.C. § 1515 shall be specifically identified on the Standard Form 132, *Apportionment Request*. To qualify as a deficiency apportionment, the request must be required by:
 - (1) Laws enacted subsequent to the transmittal of the annual budget for the year to Congress;
 - (2) Emergencies involving human life, the protection of property, or the immediate welfare of individuals; or
 - (3) Specific authorization by law.

NOTE: This request will only be accomplished under unusual circumstances as specifically approved by the CFO.

7. PROCEDURES:

A. Reporting Violations of the ADA:

- (1) When any allocation is exceeded, the Funds Manager or Allocation Manager discovering the incident will immediately send an initial report to the Director of BPD by phone or email. Action taken to correct the cause of a violation does not eliminate the requirement to report it.
- (2) The Director of BPD will immediately make a preliminary determination as to whether the breach of the allocation may result in an ADA violation.
- (3) The Director of BPD will consult OCC if the Director preliminarily believes an ADA violation has occurred.
- (4) The Allocation Manager, within three (3) days of the initial report, will submit a written report to the Director of BPD, detailing the basic facts and circumstances surrounding the over-obligation or over-expenditure, its apparent cause(s) and, where possible, the names of any individuals preliminarily considered responsible for the violation.
- (5) Upon the advice of the Director of BPD and the OCC, the CFO will promptly direct an investigation, as required, to determine whether a violation of the ADA did actually occur and, if so, obtain any remaining facts required to report the violation to OMB, the President, and Congress, as further described below. The investigation will specifically address each of the following points:

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- (a) The title and Treasury symbol (including the fiscal year) of the appropriation or fund account, the amount involved for each violation, and the date on which the violation occurred;
 - (b) The position of the employee(s) or officer(s) apparently responsible for the violation;
 - (c) All facts pertaining to the violation, including the type of violation (for example, over-obligation of an appropriation or over-obligation of an apportionment), the primary reason or cause, any statement from the responsible employee(s) with respect to any circumstances believed to be extenuating, and any relevant reports;
 - (d) A statement of the administrative and/or disciplinary action imposed and any further action(s) taken with respect to the officer(s) or employee(s) involved in the violation;
 - (e) Whether the employee is suspected of willfully and knowingly violating the ADA;
 - (f) A statement regarding the adequacy of the system of administrative control prescribed by the head of the agency;
 - (g) A statement of any additional action taken including any new safeguards provided to prevent recurrence of the same type of violation; and
 - (h) If another agency is involved, a statement concerning the steps taken to coordinate the report with the other agency.
- (6) If, after reviewing the facts and any investigative reports, the CFO determines that a violation of the ADA has occurred, the CFO will promptly prepare reports, through DHS to OMB, the President, and Congress, in accordance with OMB Circular A-11, section 145.

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- 8. APPROVAL AND EFFECTIVE DATE:** This policy is effective immediately upon signature unless otherwise specified.

APPROVAL

Signed

June 24, 2016

Pat A. Rose, Jr
Assistant Administrator for Finance/
Chief Financial and Administrative Officer

Date

EFFECTIVE

Date

Distribution: TSA Employees
Point of Contact: FMD Financial Policy and Travel Branch,
[TSA Financial Policy](#)